

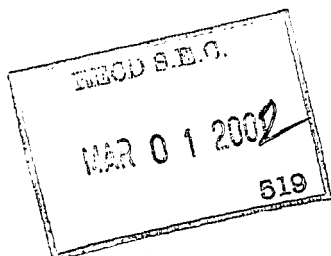


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ARCHON SECURITIES, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3214 N. THIRD ST.

(No. and Street)

PHOENIX, AZ 85012

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

CEORIC M. WADE602 222-5757

(Area Code — Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

SEMPLE & COOPER, LLP

(Name — if individual, state last, first, middle name)

2700 N. CENTRAL AVE., 9<sup>TH</sup> FL.; PHOENIX, AZ 85004

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 20 2002

THOMSON  
FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

AP  
3/14/2002

## OATH OR AFFIRMATION

I, ALLAN E. ROSEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ARCHON SECURITIES, LLC, as of FEB. 28<sup>th</sup>, 2002, ~~are~~, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_



Allan E. Rosen  
Signature  
PRESIDENT  
Title

[Signature]  
Notary Public

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**ARCHON SECURITIES, LLC**

**FINANCIAL STATEMENTS**

**For The Year Ended  
December 31, 2001**

## INDEPENDENT AUDITORS' REPORT

To The Members of  
Archon Securities, LLC

We have audited the accompanying statement of financial condition of Archon Securities, LLC (A Limited Liability Company) as of December 31, 2001, and the related statements of operations and members' equity, cash flows, and changes in subordinated borrowings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Archon Securities, LLC as of December 31, 2001, and results of its operations, changes in members' equity, cash flows and changes in subordinated borrowings for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Simple & Cooper, LLP*  
Certified Public Accountants

Phoenix, Arizona  
January 7, 2002

ARCHON SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2001

**ASSETS**

Cash and cash equivalents (Note 1)	<u>\$ 86,623</u>
<b>Total Assets</b>	<u><u>\$ 86,623</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

Accounts payable	<u>\$ 529</u>
<b>Total Liabilities</b>	529
Members' equity	<u>86,094</u>
<b>Total Liabilities and Members' Equity</b>	<u><u>\$ 86,623</u></u>

The Accompanying Notes are an Integral Part  
of the Financial Statements

**ARCHON SECURITIES, LLC**  
**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**Revenues:**

Commissions and miscellaneous income	<u>\$ 1,360,173</u>
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**Expenses:**

Commissions	1,217,543
Professional fees	15,003
Client reimbursement	53,055
Other operating expenses	<u>5,759</u>

Total Expenses	<u>1,291,360</u>
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<b>Net Income</b>	68,813
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**Beginning Members' Equity**

Distributions	<u>74,452</u> <u>(57,171)</u>
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<b>Ending Members' Equity</b>	<u><u>\$ 86,094</u></u>
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The Accompanying Notes are an Integral Part  
of the Financial Statements

**ARCHON SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**Increase (Decrease) in Cash and Cash Equivalents:**

**Cash flows from operating activities:**

Net Income	\$ 68,813
Changes in Assets and Liabilities:	
Commissions receivable	132,594
Accounts payable	(618)
Accrued commissions to related party	<u>(119,334)</u>
<b>Net cash provided by operating activities</b>	<u>81,455</u>

**Cash flows from financing activities:**

Members' equity distribution	<u>(57,171)</u>
<b>Net cash used by financing activities</b>	<u>(57,171)</u>

Net increase in cash and cash equivalents	24,284
Cash and cash equivalents at beginning of year	<u>62,339</u>
Cash and cash equivalents at end of year	<u><u>\$ 86,623</u></u>

**Supplemental disclosure of cash flow information:**

Interest paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

The Accompanying Notes are an Integral Part  
of the Financial Statements

**ARCHON SECURITIES, LLC**  
**STATEMENT OF CHANGES IN SUBORDINATED BORROWINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

Subordinated borrowings at December 31, 2000	\$ -
Changes	<u>-</u>
Subordinated borrowings at December 31, 2001	<u><u>\$ -</u></u>

The Accompanying Notes are an Integral Part  
of the Financial Statements



**ARCHON SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1**

**Summary of Significant Accounting Policies, Use of Estimates and Nature of Operations**

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**Operations:**

Archon Securities, LLC was duly organized under the laws of the State of Arizona on July 20, 1998. On May 11, 1999, the Company received a license from the National Association of Securities Dealers, Inc. (NASD) to operate as a broker-dealer of marketable securities. The Company provides securities broker-dealer services to its clientele primarily in the Phoenix metropolitan area.

The latest date on which the limited liability company is to dissolve is December 31, 2023.

**Pervasiveness of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:**

Cash and cash equivalents are considered to be all highly liquid investments purchased with an initial maturity of three (3) months or less.

**Income Taxes:**

For financial accounting and tax reporting purposes the Company, as a limited liability company, follows the flow-through method of income tax reporting. Therefore, the Company does not report any income tax expense.

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**Note 2**

**Concentration of Credit Risk**

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**Operations:**

The Company is engaged in various trading and brokerage activities with counterparties that primarily include broker-dealers, banks, and other financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

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**Note 3**

**Net Capital Requirements**

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The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), requiring (1) the maintenance of a minimum amount of net capital and (2) the ratio of aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$86,094, which was \$81,094 in excess of the required net capital of \$5,000. The ratio of aggregate indebtedness to net capital was 0 to 1 as of December 31, 2001.

**SUPPLEMENTAL INFORMATION**

**SCHEDULE I**

**ARCHON SECURITIES, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2001**

<b>Net Capital</b>	
Total members' equity	<u>\$ 86,094</u>
<b>Aggregate Indebtedness:</b>	
Accounts payable	<u>\$ 529</u>
<b>Minimum Net Capital Requirement</b>	<u>\$ 5,000</u>
<b>Amount in Excess of Minimum Net Capital</b>	<u>\$ 81,094</u>
<b>Ratio: Aggregate Indebtedness To Net Capital</b>	<u>0 to 1</u>

**SCHEDULE II**

**ARCHON SECURITIES, LLC  
INFORMATION RELATING TO POSSESSION OF CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2001**

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3.

\$ -

- A. Number of items

-

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

\$ -

- A. Number of items

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